JD WETHERSPOON PLC

Preliminary Results 2012

14 September 2012

Kirk Davis – FD

John Hutson - CEO

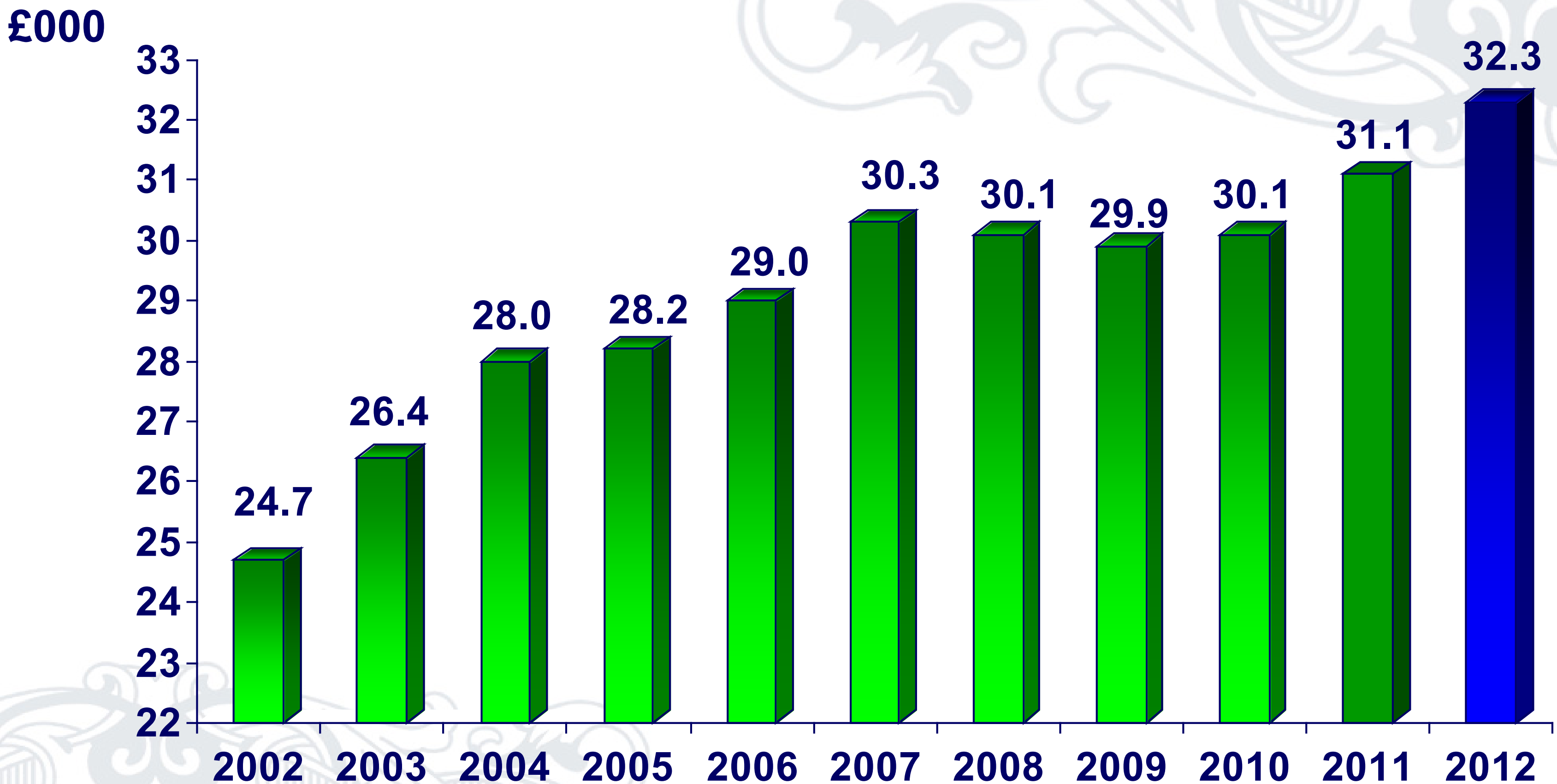
Highlights – Year to 29 July 2012

		Excluding Week 53
• Revenue £1,197.1m (2011: £1,072.0m)	+ 11.7%	+9.3%
• Like-for-like sales	+ 3.2%	
• Free cash flow £91.5m (2011: £78.8m)	+16.1%	
• Free cash flow per share 73.2p (2011: 59.7p)	+ 22.6%	

Before exceptional items:

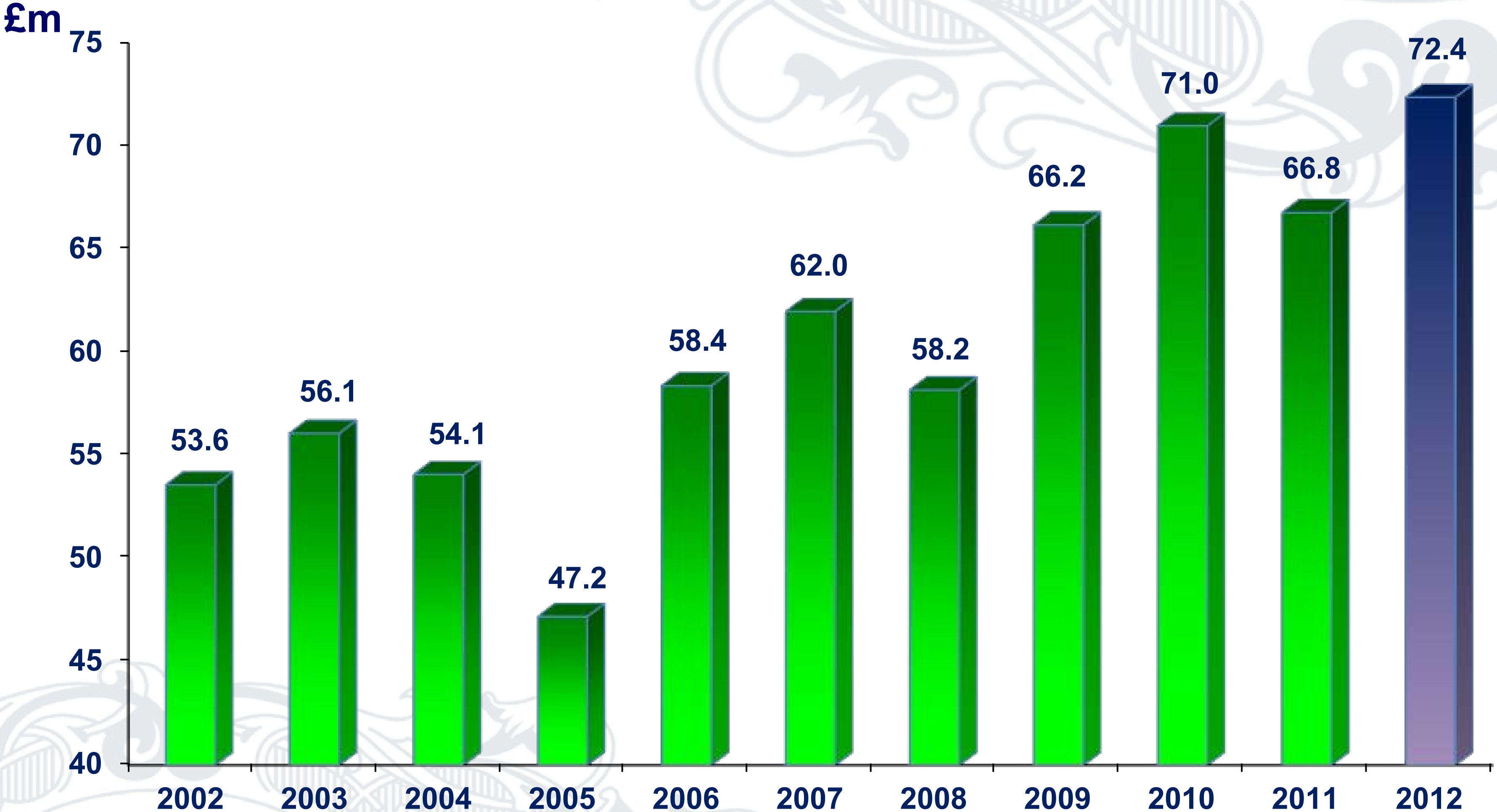
• Operating profit £107.3m (2011: £102.3m)	+4.9%	+2.6%
• Profit before tax £72.4m (2011: £66.8m)	+8.4%	+5.8%
• Earnings per share 41.3p (2011: 35.3p)	+17.0%	+14.4%
• Dividend per share 12.0p (2011: 12.0p)	Maintained	

Average Sales Per Pub Week (including VAT)



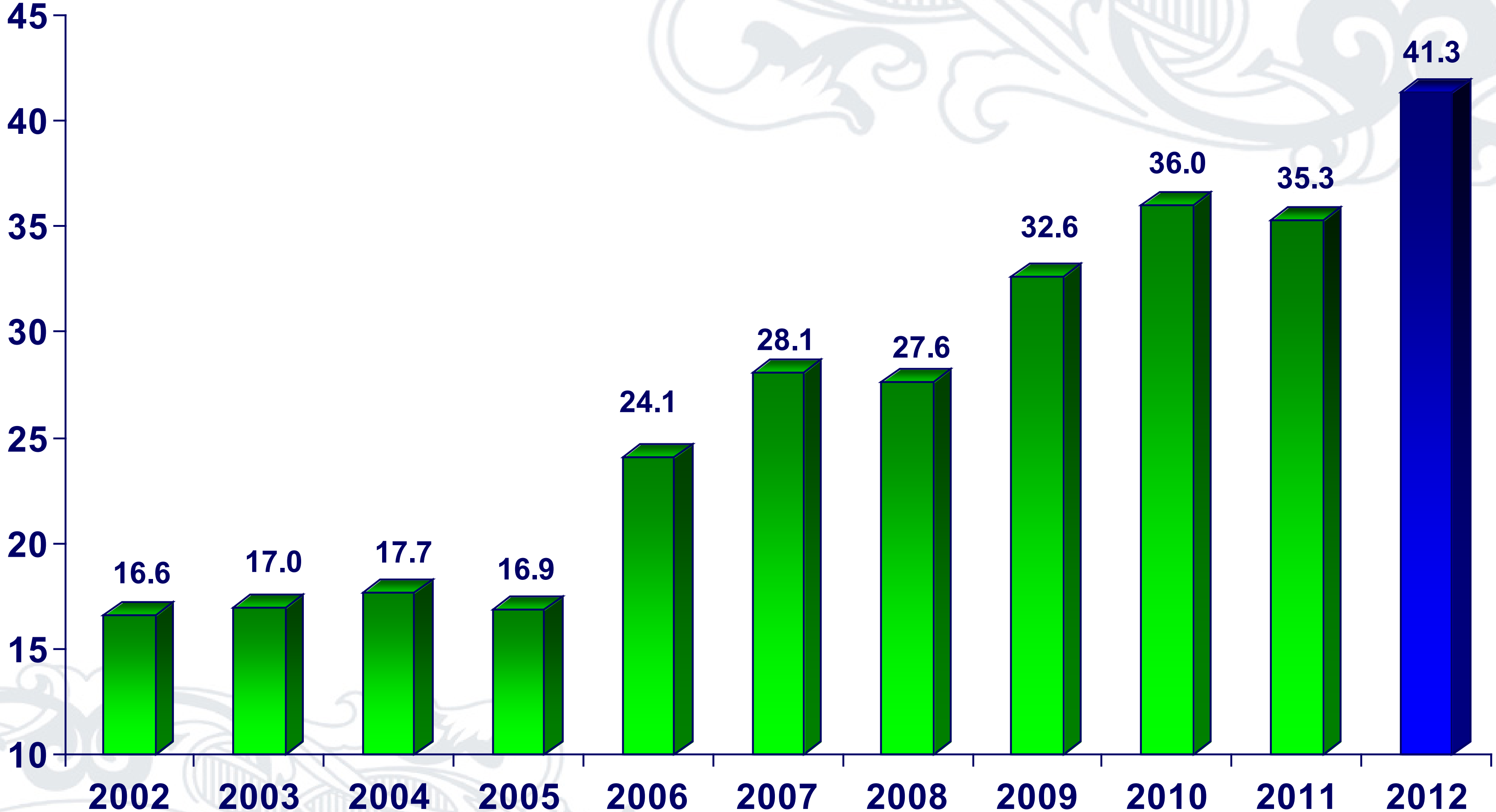
Record Average Sales Per Pub Week

Profit before Tax & Exceptional Items



Record Profit Performance

Earnings per Share before exceptional items (pence)



Record Earnings Per Share Growth

Like-for-Like Sales/Profit

%	2012	2011	2010	2009	2008	2007
Bar	+2.8	+1.7	-0.8	+2.5	-4.3	+3.3
Food	+4.8	+4.2	+0.1	-0.4	+7.9	+12.6
Machines	-2.8	-3.9	+12.1	-7.5	-5.8	+2.7
LFL sales	**+3.2**	**+2.1**	**+0.1**	**+1.2**	**-1.1**	**+5.6**
LFL profits	**-2.2**	**-1.2**	**-2.0**	**-1.7**	**-6.6**	**+7.0**

Pressure on LFL pub profit from increased costs and taxes

Operating Margin - Summary

	2012 £000	2012 % of Sales	2011 £000	2011 % of Sales
Turnover	1,197,129	-	1,072,014	-
Pub profit (pre repairs)	245,466	20.5	226,640	21.1
Repairs	(44,575)	(3.7)	(37,275)	(3.5)
Head office costs	(38,686)	(3.2)	(37,598)	(3.5)
Share Incentive Plan	(5,721)	(0.5)	(5,062)	(0.5)
Depreciation	(49,166)	(4.1)	(44,396)	(4.1)
Operating Profit (before exceptionals)	**107,318**	**9.0**	**102,309**	**9.5**
Exceptional items	(13,481)	(1.2)	(5,389)	(0.5)
Operating Profit	93,837	7.8	96,920	9.0

Cost Increases

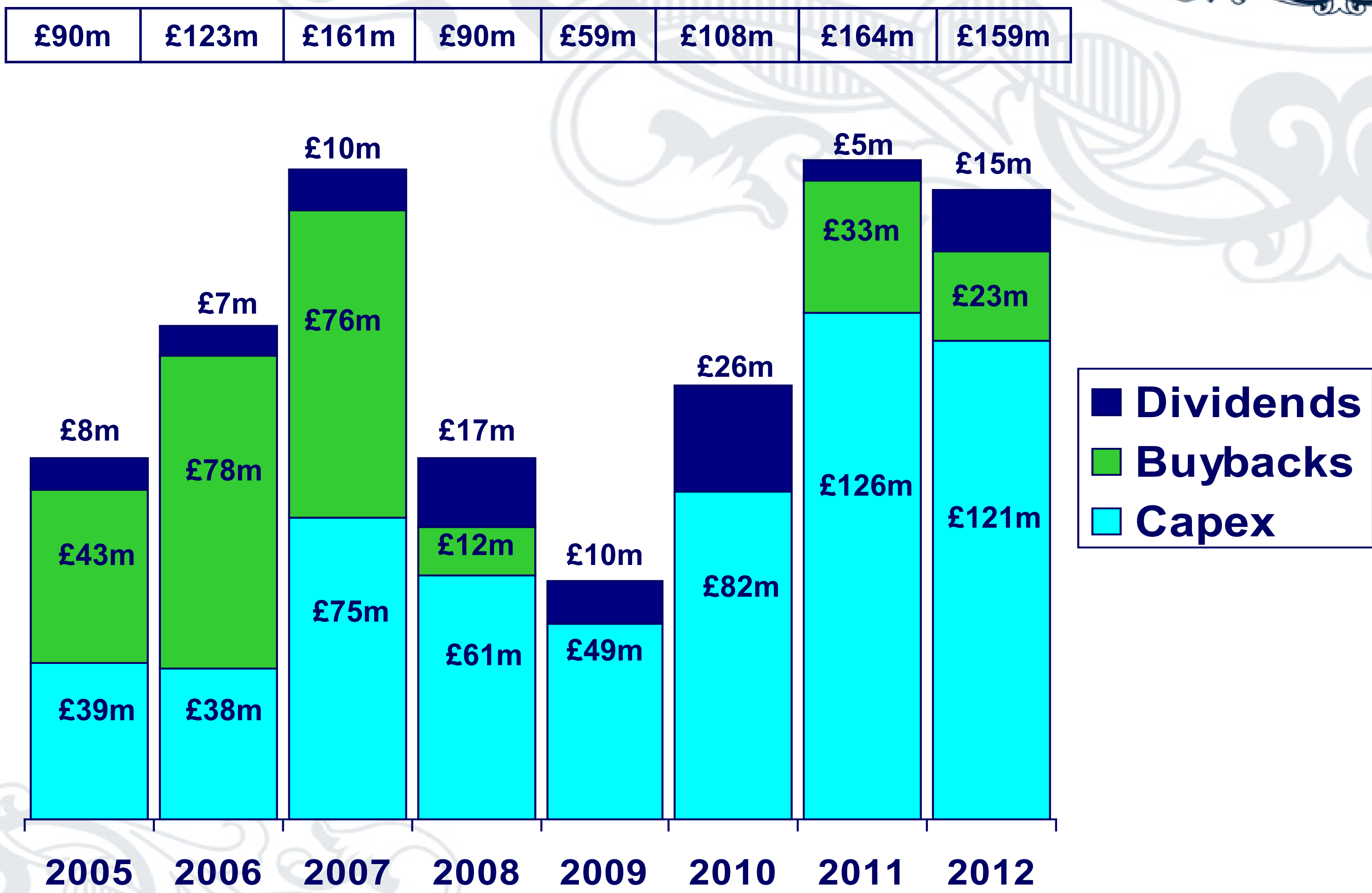
- Tax increases on VAT and Duty
- Bar and food supplies
- Utility costs
- Carbon tax
- Investment in repairs

Exceptional Items – Summary

	2012 £000	2011 £000
Property Impairment	7,823	4,410
Loss on disposal of P,P&E	1,062	979
Write-off of IT related assets	1,742	-
Onerous lease provision	2,229	-
Restructuring	625	-
Total	13,481	5,389

Cash charge of £0.6m in the year

Allocation of Resources



Continued expenditure on new openings, reinvestment and share buybacks

Capital Expenditure

		FY12 £m	FY11 £m
Acquisition and developments costs	Current year	**65.0**	78.6
	Future year	**10.4**	9.0
	New openings	**75.4**	87.6
Fixtures and fittings		**22.5**	13.4
Refurbishments		**11.6**	9.8
IT & related projects		**11.1**	15.2
	Reinvestment	**45.2**	38.4
Total		**120.6**	126.0

Continued investment in new openings and existing pubs

Movement in Net Debt inc. Finance leases

	£m
FY11 Net debt	437.7
Free cash flow	(91.5)
Disposal of fixed assets	(0.9)
New pub capex	75.4
Share Buy Backs	22.7
Dividends paid	15.5
Other	3.7
FY12 Net debt	**462.6**

- Free cash flow increased to £91.5m (2011: £78.8m).
  - Increase in cash from operations due to working capital benefits in the year and approximately £15.0m of one-off timing benefits that are expected to reverse.
- Total net bank borrowing (including finance leases) of £462.6m, an increase of £24.9m in the last 12 months.
- Anticipate a further increase in net debt of between £20.0m to £30.0m over the next 12 months.
- Unutilised bank facilities and cash balances of £128.5m as at 29 July 2012 (2011: £120.2m).

Increased net debt due to investment in new openings, existing pubs & own shares

Debt Position

	2012	2011
• Net debt/ EBITDA	**2.96**	2.98
• Interest cover (times)	**2.68**	2.73
• Interest cover pre-exceptional (times)	**3.07**	2.88
• Fixed charge cover (times)		
- statutory	**1.57**	1.62
- excluding depreciation	**2.05**	2.06
- excluding depreciation and exceptionals	**2.18**	2.12

Dividends

- 12p total dividend (2011: 12p)
  - 8p full year dividend proposed
  - 4p interim dividend paid
  - Dividend cover excluding exceptional items is 3.0 times (2011: 3.0 times)

Financial Summary

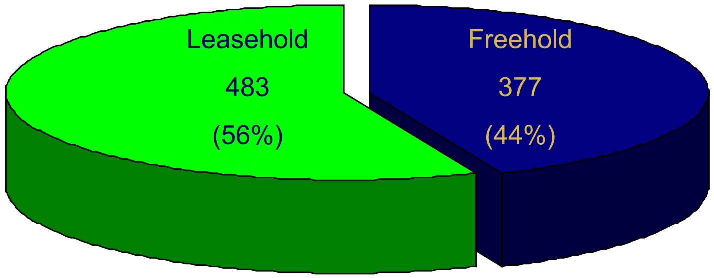
- Reasonable sales result
- Cost increases relating to tax, utilities, bar and food supplies, and labour.
- Strong cash generation
- Unutilised banking facilities and cash balances of £128.5m as at 29 July 2012 (July 2011: £120.2m)

Business Update

- Property update
- New openings
- Market research
- Broad customer base
- People
- Taxation
- Current trading and outlook

Property Update

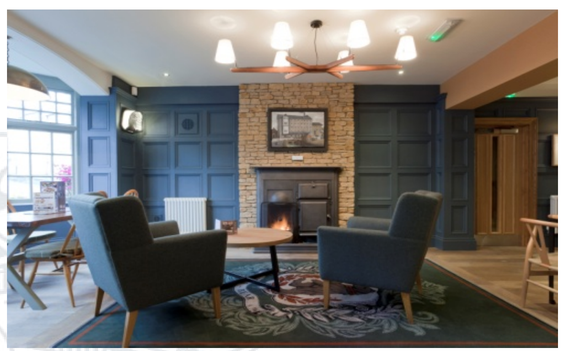
	FY12	FY11
Trading pubs at start of FY	**823**	775
Freehold pubs opened	**18**	34
Leasehold pubs opened	**22**	16
Closures/Disposals	**-3**	-2
Total trading pubs	**860**	823



- Average cost of development £1.42m, compared to £1.21m last year.
- Closures as result of a lease expiry at our Gatwick Airport unit (North terminal) and at two other pubs.
- We anticipate opening around 25 new pubs in the current financial year.

The Bear, Melksham
Open date: 15 May 2012

Acquired from: Wadworth & Co
Customer Area: 3,437 sq ft
Development Costs: £1,519k



The Queen's Picture House, Waterloo, Merseyside
Open Date: 17 April 2012

Acquired from: Independent owner
Customer Area: 3,864 sq ft
Development Costs: £1,309k




The Guildhall & Linen Exchange, Dunfermline
Open Date: 10 July 2012

Acquired from: Independent owner
Customer Area: 3,475 sq ft
Development Costs: £1,165k

Market research

Britain's favourite big brand

If the following brands were available in the same location, which would be your first choice to eat at? *(ranked by % of adults choosing each brand)*

(out of a list of 15 – the top 6)	
Nando's	10.8%
Wetherspoons	**10.4%**
Pizza Hut	8.4%
Harvester	8.0%
Frankie & Benny's	7.9%
Pizza Express	7.3%

Source: Peach BrandTrack, May 2012 (sample 5,000 GB adults)

Broad customer base

- 45:55 split male/female
- 25-34 (25%) – but with a further 52% aged 35-64 and 17% aged 18-24
- White collar factor: 42% ABs, 52% ABC1
- Customer base spread over the country
- 12% use weekly; 41% at least monthly
- 34% use for lunch; 38% early eve; 11% after 8pm
- Friday & Saturday significantly most popular day to visit – 47% of visits, with a further 15% on Sundays

Source: May 2012 Peach BrandTrack

People & Training

- Company employs over 28,500 people in full and part-time positions. An increase of over 2,500 jobs in the last 12 months
- Comprehensive award winning employee training. Over 11,500 training days completed last year
- Staff retention at its highest ever level. Average length of service of pub managers now over 9 years.
- We have been recognised as one of ‘Britain’s Top Employers’ in a Guardian publication for 9 consecutive years
- Raised over £1.4m for CLIC in the year and over £6.0m over our nine year partnership

Taxation

	2012 Full Year £m	2011 Full Year £m
VAT	241.2	204.8
Alcohol duty	136.8	120.2
PAYE and NIC	67.1	65.2
Business rates	43.9	39.8
Corporation tax	18.2	21.2
Machine duty	3.3	2.9
Fuel duty	1.9	1.9
Carbon tax	2.4	0.8
Climate change levy	1.9	1.6
Stamp duty	0.8	1.1
Landfill tax	1.3	1.1
Premise licence and TV licences	0.5	0.4
TOTAL TAX	**519.3**	**461.0**
TAX AS % OF SALES	**43.4%**	**43.0%**
PROFIT AFTER TAX (£m)	**44.6**	**46.8**
PAT AS % OF SALES	**3.7%**	**4.4%**

Current Trading and Outlook

- Continued pressure expected from Government legislation – excise duty, machine gaming duty and late night levy
- Inflation expected in bar and food supplies, labour and utilities
- Opportunities for profitable investment in new openings and existing pubs

Confident of a reasonable outcome

Current Trading and Outlook

- LFL sales for the 6 weeks to 9th September increased by 8.4% with total sales increasing by 12.8%
- Retail standards
  - 98% of our pubs our Cask Marque approved
  - 256 pubs recommended in CAMRA 2013 Good Beer Guide
  - 235 pubs recognised in the 2011 Loo of the Year awards
  - Average score of 4.7 on Scores on the doors scheme
- One-off events
  - Jubilee/ Euro's
  - Olympic/ Paralympic games
- Wet summer

Confident of a reasonable outcome

Appendices

A - 10 year summary graphs

B - Financial trends

C - Capital trends

D - ROC/CROCCE/ROE calculations

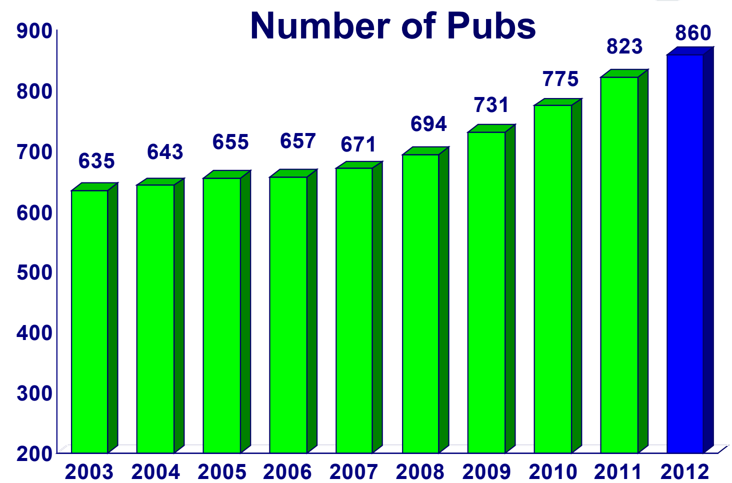
E - Cash flow

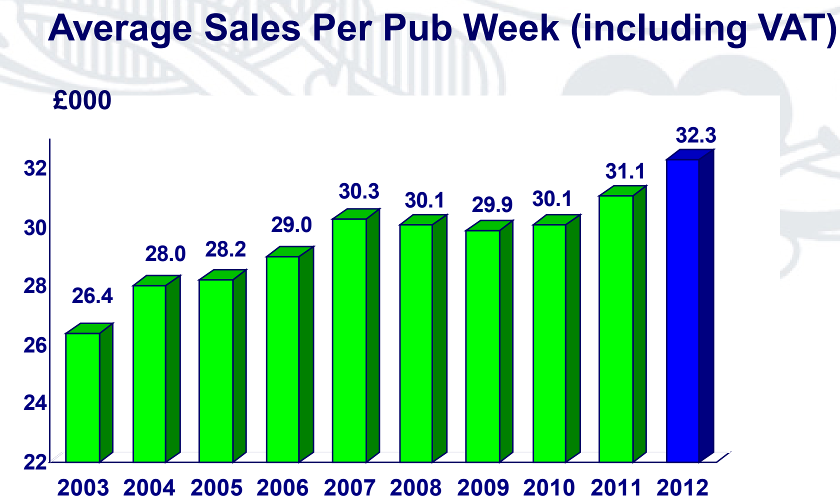
F - Summary accounts

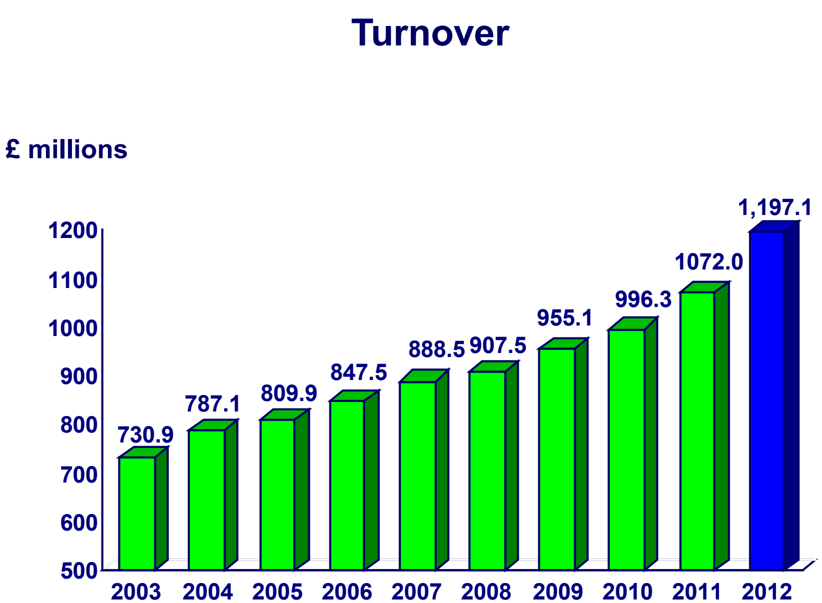
H - Swap maturity profile

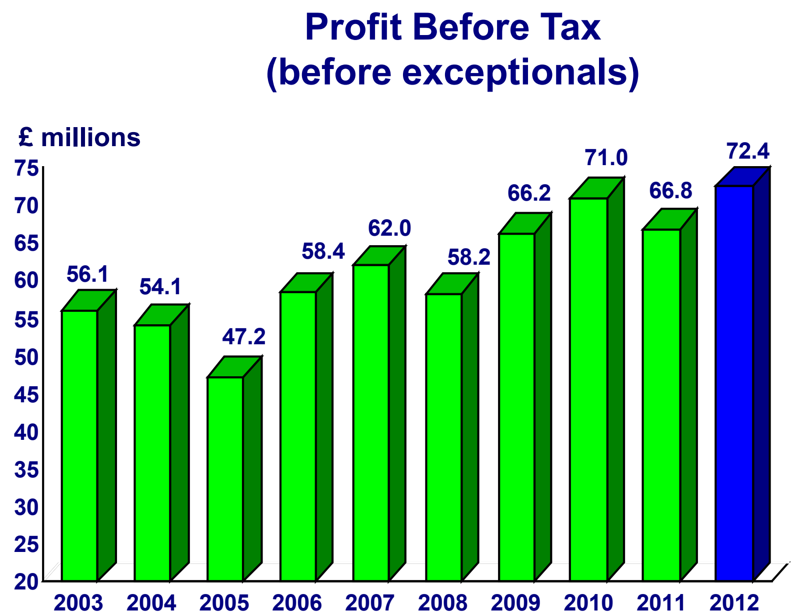
Appendix A

10-Year Summary









Appendix B

Financial Trends

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
Sales per pub (£000)	1,169	1,239	1,246	1,283	1,354	1,333	1,344	1,335	1,360	**1,401**
EBITDA per pub (£000) (1)	201.9	204.4	195.7	205.6	219.0	211.6	212.9	205.8	198.7	**194.9**
Number of pubs	635	643	655	657	671	694	731	775	823	**860**
% freeholds (%)	42	41	41	41	42	42	42	41	44	**44**
CROCCE (%) (2)	13.0	12.6	11.7	12.0	12.2	11.3	11.2	10.8	10.5	**10.5**
Cash return on equity (%) (2)	17.1	15.8	14.4	14.8	15.5	14.2	13.5	12.6	11.5	**12.0**
Free cash flow per share (pence)	38.8	36.7	37.1	42.1	35.6	50.6	71.7	52.9	59.7	**73.2**
Adjusted earnings per share (3)	17.0p	17.7p	16.9p	24.1p	28.1p	25.7p	32.6p	36.0p	35.3p	**41.3p**

(1) Excluding sale & leaseback
(2) See appendix D for calculation
(3) Excluding exceptional items

Capital Trends

Appendix C

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
Average size (sq.ft.) – openings	3,721	4,317	4,176	3,928	3,855	3,618	3,359	3,781	3,572	**3,325**
Number of openings	45	28	13	9	18	23	39	47	50	**40**
% which are freehold	56	43	54	22	61	57	33	32	68	**45**
Freehold average cost (£k)	511	640	873	625	750	958	765	857	825	**639**
Average development cost (£k)	1,317	1,431	1,401	1,301	1,520	1,498	851	857	1,207	**1,420**
Average cost per sq. ft.	354	331	335	331	394	414	253	226	338	**427**
Increase in average cost per sq foot (%)	7	-6	1	-1	19	5	-39	-11	49	**26**
Population within 2 miles	73,000	51,000	64,000	59,000	45,000	50,000	38,000	67,000	54,000	**39,000**

Appendix D

ROC/CROCCE/ROE

	2012	2011
• P&L return on capital	**12.4%**	12.7%
• Crocce	**10.5%**	10.5%
• P&L return on equity	**19.6%**	18.9%
• Cash return on equity	**12.0%**	11.5%

Detailed calculations in appendix D1

Appendix D1

ROC/CROCCE/ROE

		2012 £000	2011 £000
Profit after tax		**44,567**	46,792
Add: exceptional items		**12,758**	5,389
Underlying PAT	(e)	**57,325**	52,181
Add: interest	(f)	**34,955**	35,528
Profit pre-interest	(g)	**92,280**	87,709
Deferred tax (credit) / charge		**(3,500)**	(4,569)
Depreciation		**49,166**	44,396
Cash return	(h)	**137,946**	127,536

	2012	2011
• P&L return on capital [(g)/average (c)]	**12.4%**	12.7%
• CROCCE [(h)/average (d)]	**10.5%**	10.5%
• P&L return on equity [(e)/average (a)]	**19.6%**	18.9%
• Cash return on equity [(h)-(f)/average (d)-(b)]	**12.0%**	11.5%

Appendix D2

ROC/CROCCE/ROE

		2012 £000	2011 £000
Shareholders' funds per balance sheet		**169,644**	171,045
Add: exceptional items		**65,965**	53,206
: hedging provision		**66,029**	57,880
	(a)	**301,638**	282,131
Add: net debt	(b)	**462,611**	437,693
Capital employed	(c)	**764,249**	719,824
Add: deferred tax provision		**67,860**	71,448
Less: deferred tax asset		**(16,198)**	(15,569)
Cumulative depreciation		**548,786**	499,620
Less: revaluation reserve		**(9,966)**	(10,514)
Cash capital employed	(d)	**1,354,731**	1,264,809

Appendix E

Cash Flow

	2012 £'000	2011 £'000
Cash from operations	**196,733**	178,197
Interest and tax	**(54,210)**	(55,196)
Investment in existing pubs	**(45,225)**	(38,400)
Investment in own shares (SIP)	**(5,756)**	(5,783)
Free cash flow	**91,542**	78,818
Dividends	**(15,544)**	(5,211)
Disposal proceeds	**887**	1,100
Investments in new pubs	**(75,348)**	(87,618)
	1,537	(12,911)
Share Buy Backs	**(22,711)**	(32,759)
Issue of new shares	**95**	225
Finance lease principal receipts & payments	**6,101**	(2,908)
Movement in bank borrowings	**(14,978)**	(48,353)
Free cash flow per share	**73.2p**	59.7p

Appendix F

Summary financial performance

Financial year	Total sales £000	Profit before tax and exceptional items £000	Earnings per share before exceptional items pence	Free cash flow £000	Free cash flow per share pence
1984	818	(7)	0.0		
1985	1,890	185	0.2		
1986	2,197	219	0.2		
1987	3,357	382	0.3		
1988	3,709	248	0.3		
1989	5,584	789	0.6	915	0.4
1990	7,047	603	0.4	732	0.4
1991	13,192	1,098	0.8	1,236	0.6
1992	21,380	2,020	1.9	3,563	2.1
1993	30,800	4,171	3.3	5,079	3.9
1994	46,600	6,477	3.6	5,837	3.6
1995	68,536	9,713	4.9	13,495	7.4
1996	100,480	15,200	7.8	20,968	11.2
1997	139,444	17,566	8.7	28,027	14.4
1998	188,515	20,165	9.9	28,448	14.5
1999	269,699	26,214	12.9	40,088	20.3
2000	369,628	36,052	11.8	49,296	24.2
2001	483,968	44,317	14.2	61,197	29.1
2002	601,295	53,568	16.6	71,370	33.5
2003	730,913	56,139	17.0	83,097	38.8
2004	787,126	54,074	17.7	73,477	36.7
2005	809,861	47,177	16.9	68,774	37.1
2006	847,516	58,388	24.1	69,712	42.1
2007	888,473	62,024	28.1	52,379	35.6
2008	907,500	58,228	27.6	71,411	50.6
2009	955,119	66,155	32.6	99,494	71.7
2010	996,327	71,015	36.0	71,344	52.9
2011	1,072,014	66,781	35.3	78,818	59.7
2012	1,197,129	72,363	41.3	91,542	73.2

Swap Maturity Profile

Swap Value	From	To	Weighted Average Value
£400m	31 July 2009	12 Nov 2014	5.3%
£400m	12 Nov 2014	31 Jul 2016	3.5%
£400m	31 Jul 2016	31 Jul 2018	2.2%